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Robert P. Grafield, Director

X Release ( ) Excise ( ) Memorandum of Conversation

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Options(s):

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9/14/76

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DATE: September 14, 1976

SUBJECT: Labatt's Initial Courtesy Call on the Labor Minister

PARTICIPANTS: General Horacio Tomas Liendo, Minister of Labor  
Anthony G. Freeman, Labatt, American Embassy

REFS: Buenos Aires 6133 and 6002

PLACE: Labor Ministry

COPIES TO:

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INR/OIL/B Argentina

ILAB Labor Department

1. Auto Workers' Strike

Asked about the status of the strike in the auto industry, General Liendo said that the workers were back on the job in all of the factories which had been struck, with the exception of GM's Barracas plant. The Barracas plant had been a perennial trouble spot. For that reason, he had decided to take a firsthand look at the site the previous week. Labor/management relations there had not been conducted in a positive manner. He did not offer further clarification, but there was a suggestion that labor conditions at the plant long had been less than satisfactory. The basic fault seemed to lie with GM's plant manager. Nevertheless, the communists had played a very active role in the latest strike as well.

The strike did not spread to other industries, being confined largely to the auto plants in the Greater Buenos Aires area. It was true that there had been a one-day stoppage in the metalworking plants, but this coincided with "The Day of the Metal Worker". Although the government no longer recognized this day as a legal holiday, the Ministry had decided to chalk off the stoppage as a celebration unconnected with the auto workers' strike.

As for the prospects of a new resurgence, Liendo did not expect further strikes, at least in the near future. True, the working class was experiencing hard times, and the communists were trying

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to make the most of it. The government was engaged in a race to pull the country out of the recession before serious social problems began. Liendo thought that the government would be "lucky" and would win the race. Most of the auto companies already were back to a five-day work week, which was an indicator that the industry was recovering. GM's Barracas plant would reopen the following week and he expected that its workers would return to their jobs.

2. Disappearance of FITE leader Alvarez

The Labatt then raised the question of Pedro Eugenio Alvarez, ex-Secretary General of the Argentine public entertainment workers union (SUTEP), stating that the State Department had received frantic inquiries from the AFL-CIO concerning an alleged ransom demand of a half million dollars for Alvarez' release, presumably from the ERP. On account of his holding the position of secretary general of a democratic Interamerican trade union organization (FITE), Alvarez enjoyed very close ties with the AFL-CIO. The latter was extremely concerned about his welfare and safety, and was exerting pressure on the State Department to intervene on his behalf. We were aware that charges of alleged mismanagement of housing funds had been made against Alvarez while director of the Banco Hipotecario. There was a rumor circulating in Buenos Aires trade union circles that Alvarez had been arrested by the authorities, presumably in connection with these charges. The Minister said he had seen a report about Alvarez in the "diario" and shuffled through the reading file on his desk, but couldn't find what he was searching for. The report had mentioned something about Alvarez having been seized on the "Costanera" (Buenos Aires' riverside area noted for its restaurants), but he could not recall the details. The Labatt asked whether the Minister could inquire into the matter, stating that if he could confirm that Alvarez was in the custody of the authorities, this would help matters considerably. Liendo agreed to do so on an urgent basis and report back. But tell the AFL-CIO, he added with a wry smile, not to pay the ransom. Alvarez wasn't worth it, in his opinion.

3. Trade Union Reorganization

Liendo regretted that the work involved in preparing a reform of the basic trade union law (Ley de Asociaciones Profesionales) had not moved along more rapidly. He had been pressed with other, more urgent problems. (He phrased this explanation in such a way that it could also be interpreted as meaning that the reform plan itself had run into snags.) Nevertheless, everything was on the tracks.

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Asked in what time frame, he said that some guidelines would be out before the end of the year, but the revised trade union law would not be ready until next year. One thing was sure: there would be no place for the corrupt, old labor bosses under the reorganization scheme.

4. A Message to Latin America's Friends

Labatt asked the Minister if he had any observations about the Argentine scene which he would like the Labatt to mention at the U.S. labor officers' conference in San Jose, Costa Rica. In a world of nation-states, the Minister replied, each nation knew what was best for itself and had to make its own decisions, without the interference of outside parties. Nobody knew better than the Swedes what had to be done in Sweden, and the same was true for Argentina. However, Argentina was a member of the international community and, as such, had agreed to certain international principles, such as respect for trade union liberties. There was nothing wrong about that. Argentina believed in these values too. However, Latin America was facing an emergency, and in an emergency it was sometimes necessary to suspend temporarily such liberties. It hurt when Latin America's friends failed to comprehend the critical nature of the problem and not only did not give their support but even went so far as to join the common enemy--the communists--in attacks against the Latin American governments. Such criticism from friends abroad could "drown" the weakest countries in Latin America which lacked stable institutions such as a solid labor movement, and only would serve the interests of the communists. In the case of Argentina, unlike other countries in Latin America, there was a strong labor movement. The current government was working hard to restore the trade union organizations to normality "as soon as possible", and needed the continued understanding and support of its friends abroad in the interim. Liendo recognized that the AFL-CIO and ICFTU already had restrained themselves from attacking the GOA's labor policies. This was a welcome gesture and the government was very grateful.

5. The CGT's Role in a Hemispheric Trade Union Alliance

Liendo said he had had contacts with the AFL-CIO. He supported what he understood to be the geopolitical objective, not only of the U.S. labor movement but of the U.S. government as well, which was to forge an interamerican trade union movement whose two anchors at each end would be the AFL-CIO and the Argentine CGT. Such a movement would help to resist not only communist

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advances in the hemisphere, but also those of the ICFTU. (He appeared to be in agreement with this latter presumed objective as well.) There was no other labor movement in Latin America as important as the Argentine CGT in his view, and it was only natural that the CGT should assume its rightful place in the sun. (He explicitly downplayed the importance of the Venezuelan CTV and the Mexican CTM, relative to that of the CGT.)

6. ILO Activities

Asked to comment on the ILO program in Argentina, the Minister said that the ILO regional office in Buenos Aires had played a positive role and he thought very highly of its director, Dr. Perla Roque de Marinelli. The government was in the process of preparing a new request to the ILO for assistance.

7. Comment

The 2,400 workers of GM's Barracas plant returned to their jobs on September 20, thus ending the cycle of auto worker strikes in the Buenos Aires area which had begun several weeks earlier. There have been unconfirmed reports, however, of continuing sporadic slowdowns in SEGBA, the city's public light and power facility (as well as isolated incidents of sabotage), and in some of the city's metalworking plants.

Two days after the above reported conversation, the Minister's security adviser telephoned Labatt on behalf of the Minister to report that he had not been able to obtain any information concerning the disappearance of FITE leader Alvarez. No complaint of a kidnapping had been registered with the police in this case. Other elements of the Embassy also proved unsuccessful in obtaining any further information. On September 24, AIFID sources informed Labatt in San Jose that intermediaries had paid a \$300,000 ransom to Alvarez' kidnappers and that Alvarez had been released.

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